

# **GNEMSDC**

Making the Dream a Reality Throughout New England

March 29, 2012

Dear members of the Judiciary committee:

The Greater New England Minority Supplier Development Council (GNEMSDC) supports sections in SB 455 AN ACT CONCERNING THE COMMISSION ON HUMAN RIGHTS AND OPPORTUNITIES that looks to remove the exemption on municipalities and abide by the State's minority business set aside standards.

The Greater New England Minority Supplier Development Council (GNEMSDC) is a 501-c3 business membership organization dedicated to increasing opportunities for certified minority business enterprises (MBEs). The GNEMSDC was founded in 1976 and is the regional affiliate of the National Minority Supplier Development Council. Our main office is in Hamden, CT with a regional office in Boston, MA. The GNEMSDC has 250 corporate members and over 500 MBEs we work with on a regular basis. In 2010, our certified MBEs had over \$4 billion in annual sales. At the national level, the over 15,000 MBEs had sales of over \$100 billion. Our primary focus is to Certify, Develop, Connect and Advocate for minority businesses. We are the largest non-profit in the Northeast United States dedicated to this mission. The GNEMSDC also is the project operator for the U.S. Department of Commerce Minority Business Development Agency (MBDA) Boston Business Center located in our Boston office. The MBDA Center was funded in 2011 by a \$1.375 million five year grant from the Federal Government.

The State of Connecticut is changing. It is becoming more diverse every year. Based on the most recent Census data, Blacks (10.1%), American Indians (.3%), Asians (3.8%), Hispanics (13.4%) and those claiming multiple racial categories (2.6%) make up 30.2 percent of the

State's population (3.6 million). As recently as 1990, the State's minority population was only 16 percent. If not for the increase in minority population, the State of Connecticut would be losing population.

In terms of minority business growth, the Minority Business Development Agency (MBDA) reports that minority businesses nationally outpaced the growth in non-minority businesses in gross receipts (55%), employment (24%) and the number of firms (45%) over the period 2002-2007. In Connecticut (2007-08) minority businesses represented 38% of the businesses in the State set-aside program while women owned businesses represented 66% of businesses in the program. Women owned enterprises captured 82% of the total spending with Diverse businesses in the State's set-aside program, while minority businesses captured 15% of total contracted dollars in the program. Relative to total spending by the State, less than \$2 out of every \$10,000 spent by the State is spent with minority owned small businesses. The percentage of spend going to MBEs has declined since statistics have been maintained. So while minority population numbers and the number of minority firms has been increasing, the State of Connecticut's spend with minority firms has been declining. These diverging trends are not good for minority businesses, minority communities or the state taxpayers in general.

The State should eliminate the Municipal Exemption program that exempts many state contracts from abiding by the State's set aside program. Data provided by the CHRO indicates that over \$7 billion in state contracts was exempt over the past ten years. Most of these Municipal Exemptions are granted for towns and cities with small proportions of minority residents. If these contracts had not been exempt, certified MBEs would have had greater access to opportunities throughout the state. This exemption is patently unfair and perhaps unconstitutional since, non-minority businesses are not prohibited from contracts in predominantly minority communities. It creates an economic apartheid system in the state that is not necessary, uncompetitive, is counter productive, to the interest of the state. When

municipalities spend their own money to build and buy goods and services, a case can be made that they can do whatever they see fit to do. However, when municipalities are receiving funds from all State taxpayers, there is a legitimate and perhaps legal interest in having those State supported projects abide by the State's set-aside program.

I want to thank you for allowing me to share these comments with the Committee. This Committee and the political leadership in the State has the opportunity to make some changes in State law that will impact the economic health of our State for many years to come by enacting this legislation. What we are supporting is the economic health and well being of State and all of its citizens. Our collective future is inextricably tied to the development of minority businesses.

Respectfully,

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